

**PLANNING COMMISSION
MEETING MINUTES**

FEBRUARY 21, 2023

APPROVED: *kmd*



1. ROLL CALL

Chair Demi Chatters called the meeting to order. Commissioners in attendance: Charles Adkins, Michael Zelinski, Carly McGinn, Commissioner Yanasak, and Alex Lark.

Commissioner Absent: Michael Finch and Kevin Ballard

Planning Staff: Yorik Stevens-Wajda, Becky McCrary, and Kathy Davis

2. APPROVAL OF MINUTES

Chair Chatters asked if there were any revisions to the minutes. After no response, she asked that the language in her comment on the Planning Commission Bylaws be amended from “non gender neutral” to “gender neutral.”

Motion: Commissioner McGinn made a motion to approve the January 17, 2023, meeting minutes as amended. Commissioner Zelinski seconded the motion.

Vote: Commissioner Lark, yes; Commissioner Yanasak, abstain; Commissioner McGinn, yes; Commissioner Zelinski, yes; Commissioner Adkins, yes; and Chair Chatters; yes.

Motion Carried.

3A. REPORTS OF MEMBERS AND COMMITTEES

None

3B. STAFF COMMENTS

Yorik Stevens-Wajda, Planning Director, presented information on the light rail extension public scoping period, on the accessory dwelling unit code amendment, and on the vacant Planning Commission position.

3C. OPEN PUBLIC COMMENTS

None

4A. HOUSING DEVELOPMENT INCENTIVES PROGRAM

Mr. Stevens-Wajda introduced Peter Battuello with Perteet, who was the project manager on the consultant team that was supporting the city's work on the housing development Incentives program. He then presented information on the progress on all of the housing action plan actions and recommendations. Commissioner Adkins asked for a copy of the presentation slides.

Mr. Battuello, Perteet Consulting team project manager, provided information on the purpose and scope of the housing development incentive program, and the findings with regards to the performance of the City's existing development incentives such as the fee waivers and exemptions, multifamily tax exemption program, and development heights incentives program. He referred commissioners to the table in section 5 of the report that represented some really good work by the city over the last decade to ensure that they're adopting

new legislation to stimulate housing. He reviewed the incentives for further consideration that the city could consider or implement.

Commissioner Lark asked about the cost difference between operational and construction costs and rent revenues. Mr. Battuello referred commission to the financial analysis that was done by Cushman Wakefield in the back of the report. Mr. Battuello stated that he would send Commissioner Lark the pro forma spreadsheets. Commissioner Lark asked about non-market efforts where non-profit agencies develop and build housing. He added that element could help change and set conditions to make the environment more amenable to market conditions. Mr. Battuello reviewed the number of incentive programs associated with affordability that supported the not for profit or the low-income developer.

Commissioner Yanasak asked about the area median income (AMI) and affordable housing. Mr. Battuello responded that in the context of the financial analysis, affordability was based on AMI. He added that HUD based housing costs on 30% of income as an affordability level. Commissioner Yanasak asked about the multiple family tax exemption (MFTE) program. Mr. Battuello responded that two of the developers that his team spoke to could not have built their projects without the MFTE program. He added that there were 664 units of affordable housing constructed in the last ten years from the MFTE program.

Commissioner Lark asked what other jurisdictions were doing outside of reducing the permit timeline to mitigate carrying costs as the project develops. Mr. Battuello responded development agreements, planned action environmental impact statements, and subarea plans which provide project certainty for the development community.

Commissioner Zelinski asked about the merchant developer who builds to sell as a return on investment and the developer who holds onto property for the long-term. Mr. Battuello responded that most of the multiple family buildings constructed in the downtown were developed for a property management owner. The construction of the buildings was more about running a business instead of selling the investment. There hadn't been a lot of merchant developers because they don't see the Everett market as a place that'll turn on a five-year project.

Commissioner McGinn asked about home ownership. Mr. Battuello responded that home ownership in dense housing would primarily be through a condominium process; however, there were a lot of legislative requirements around liability for the builder who carries the risk for the condo or homeowner association over an 8-year period. Other factors considered in the construction of rental units includes the scarcity of rental units which have driven up costs in the rental market and the capital gains tax for rental units was spread out over a longer time period. Mr. Stevens-Wajda added that all condominium units would have to sell within a year which creates uncertainty.

Commissioner McGinn stated that she would like the city to consider CoOps along with an incentive program as an option for home ownership. She commented that the lack of home ownership opportunities was a huge disadvantage to the city for long-term sustainable growth.

Mr. Battuello stated that the housing solution for Everett to reach their growth targets was thousands or more units per year. CoOps would be a good tool for homeownership; however, that type of housing would probably only generate 100 units a year.

Commissioner Yanasak asked about the concept of increasing rents to gain more rental stock. Mr. Battuello responded when considering housing for all income levels, the average rent in Everett was lower than the state average. It was the low rents that keep private investment from building in Everett. Everett needed private investment in the community to help drive the rental market. Through the 8-year multiple family tax exemption program, developers were able to construct higher density apartment buildings.

Commissioner McGinn asked about the Nimbus project. Mr. Stevens-Wajda stated that a temporary certificate of occupancy was issued for the 165-unit market rate development.

Chair Chatters mentioned that she would also like a copy of the pro forma spreadsheets and asked if the builders had suggested a target range for reducing the permit timelines. Mr. Battuello responded that wasn't specifically analyzed; however, the difference between 9 months and 18 months on a \$55 million project was very significant and made a big difference in how their pro forma developed. Mr. Stevens-Wajda added that the city was on board with doing everything they could to streamline and turn the reviews around quickly. It was also important to have a clear and predictable code.

Commissioner Zelinski stated that communities attract both investors and new residents with amenities and if the city was short on amenities, that could be one area where the city could provide an incentive to developers on the creation of a public amenity. Mr. Stevens-Wajda responded that was one of the city's general focuses.

Mr. Battuello continued to provide information on the incentives for further consideration. Mr. Stevens-Wajda presented information on the immediate implementation steps, and summary of the next steps in the program. Mr. Battuello presented information on the new house bill to provide a broader opportunity for jurisdictions to utilize the multiple family tax exemption program which allows the city to expand to residential targeted areas.

Commissioner Lark asked about expansion of the multiple family tax exemption program. Mr. Battuello responded that the city of Seattle expanded their program citywide; however, the city preferred to concentrate the program into the urban corridor areas with transit availability that could support higher density developments. Mr. Battuello referred Commissioner Lark to the detailed summary in the report that addressed the state legislation on MFTE programs and what was required to qualify for the program.

Commissioner Yanasak commented on the format of the document. He then asked about inclusionary zoning. Mr. Battuello responded that inclusionary zoning was an available tool for cities to use and that zoning would mandate that developers build some level of affordable units in exchange for building market units.

Mr. Stevens-Wajda stated that the report focus was on larger scale developments; however, another important strategy under consideration was middle housing which could help in meeting Everett 's housing needs at an affordable price point.

Chair Chatters asked if the report considered all rents in the city or just rents in developments that were comparable to what the report was focused on. Mr. Battuello responded that the study focused on the average rent across all rentals in the city and they also looked at what the average apartment rentals were in the newer developments.

Public Comments

None

4B. PLANNING COMMISSION BYLAWS

Commission Discussion

Chair Chatters would like to amend the language in Article II, Section 4:

1. The Vice-Chairperson shall act for the Chairperson in the absence of the Chairperson. The Vice-Chairperson shall be an appointed or alternate member of the Commission and that their voting ~~is~~ shall be in accordance with Article 4, Section 2 which describes the voting rights of alternate members.
2. Article III, Section 2: A candidate receiving a majority vote of the entire membership of the Planning Commission shall be declared elected and shall serve for one year or until ~~his/her~~their successor shall take office.
3. Article VII: The Director of the Planning and Community Development Department or ~~his/her~~their designee shall be the Secretary of the Planning Commission and shall perform ~~his/her~~their duties and such other duties as may be assigned to ~~him/her~~them by the Chairperson of the Planning Commission.
4. Article IX: These by-laws may be amended by a vote of at least five ~~regular~~ members of the Planning Commission.

Motion: Chair Chatters motioned to approve the Planning Commission Bylaws with the above amendments. Commissioner McGinn seconded the motion.

Vote: Commissioner Lark, yes; Commissioner Yanasak, yes; Commissioner McGinn, yes; Commissioner Zelinski, yes; Commissioner Adkins, yes; and Chair Chatters; yes.

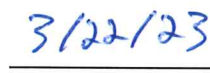
Motion Carried.

Commissioner Alder asked for a future meeting to address land acknowledgment.

ADJOURNED 8:31 PM



Planning Commission Secretary



Date



Administrative Coordinator



Date